
Financial Support for Higher Education in the Commonwealth

Presented to the Commission on Higher Education Reform,
Innovation and Investment

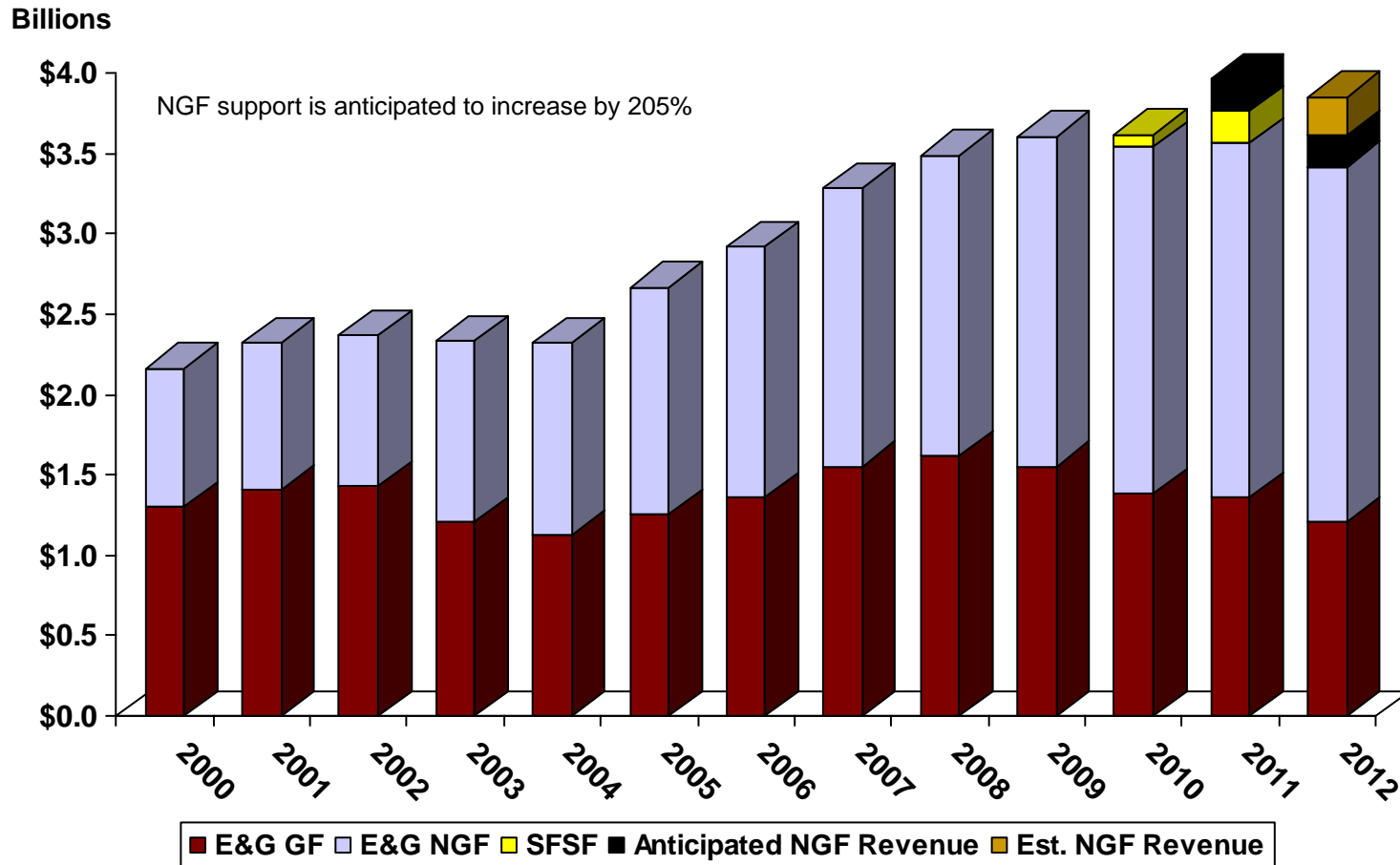
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Budgetary authorization for higher education involves several major programs

- | Educational and General (E&G)
 - General fund (GF) and nongeneral fund (NGF) sources (tuition and fee revenue)
- | Student Financial Assistance
 - General fund and nongeneral fund (federal assistance and tuition revenue)
- | Sponsored Programs (Research)
 - General fund and nongeneral fund (federal and private grants)
 - Institution specific initiatives
- | Auxiliary Enterprises
 - Nongeneral fund only (self-supporting activities such as residential facilities, dining halls, and parking)

Since FY 2000, general fund support for E&G has decreased by 7%



Notes: Data includes E&G and eminent scholar appropriation for 17 institutions, Virginia Marine Sciences (VIMS) and extension services.

FY 2009-10 include budget reductions and FY 2010-11 include State Fiscal Stabilization Fund (SFSF) appropriation.

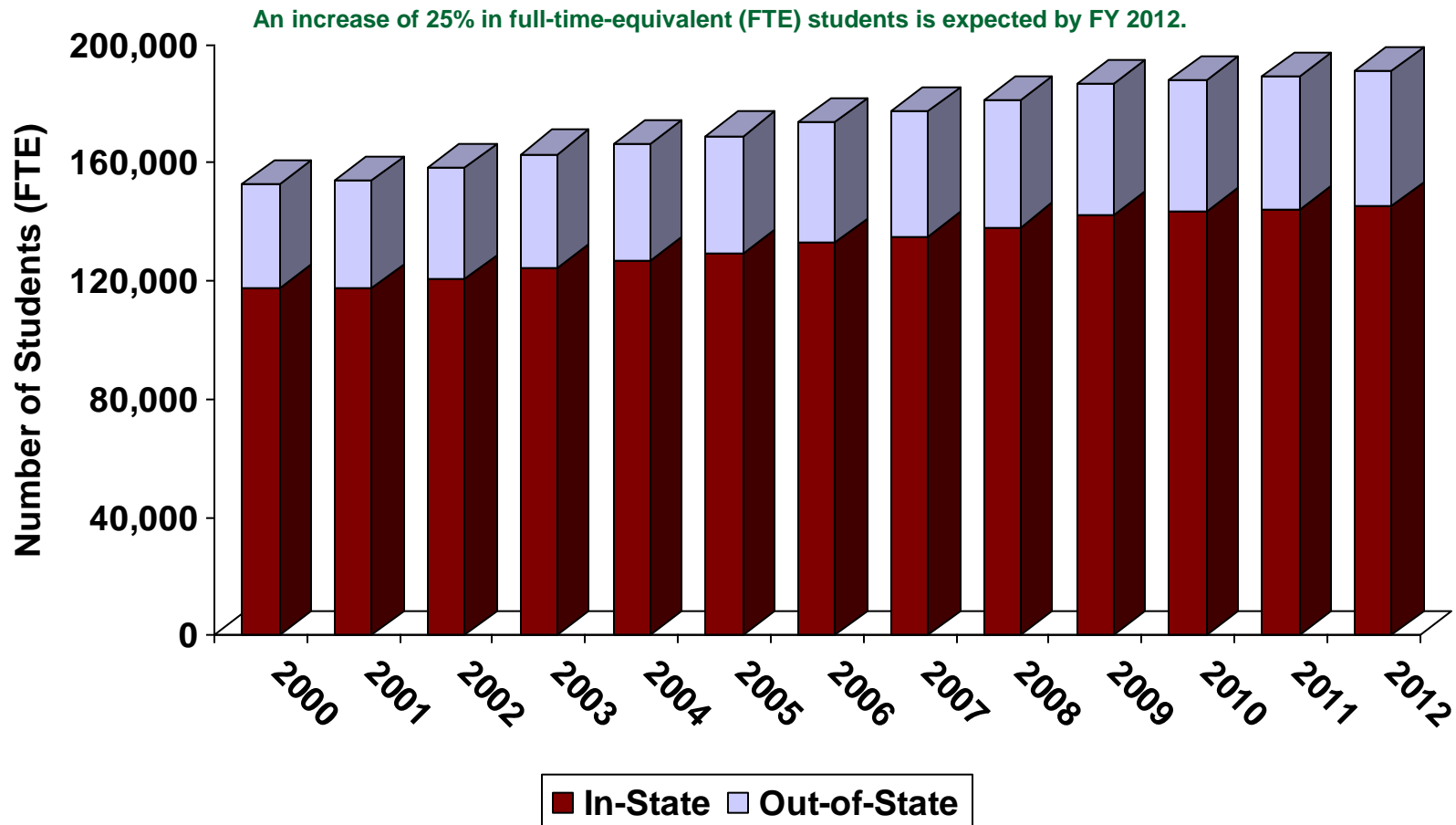
FY 2011-12 include estimates for additional anticipated NGF revenue from tuition and fees. FY 2012 includes a 10% revenue adjustment for estimated tuition and fee increases.

Virginia rewards higher education through financial performance incentives

Restructuring policy changes have allowed higher education institutions to keep more if performance measures are met:

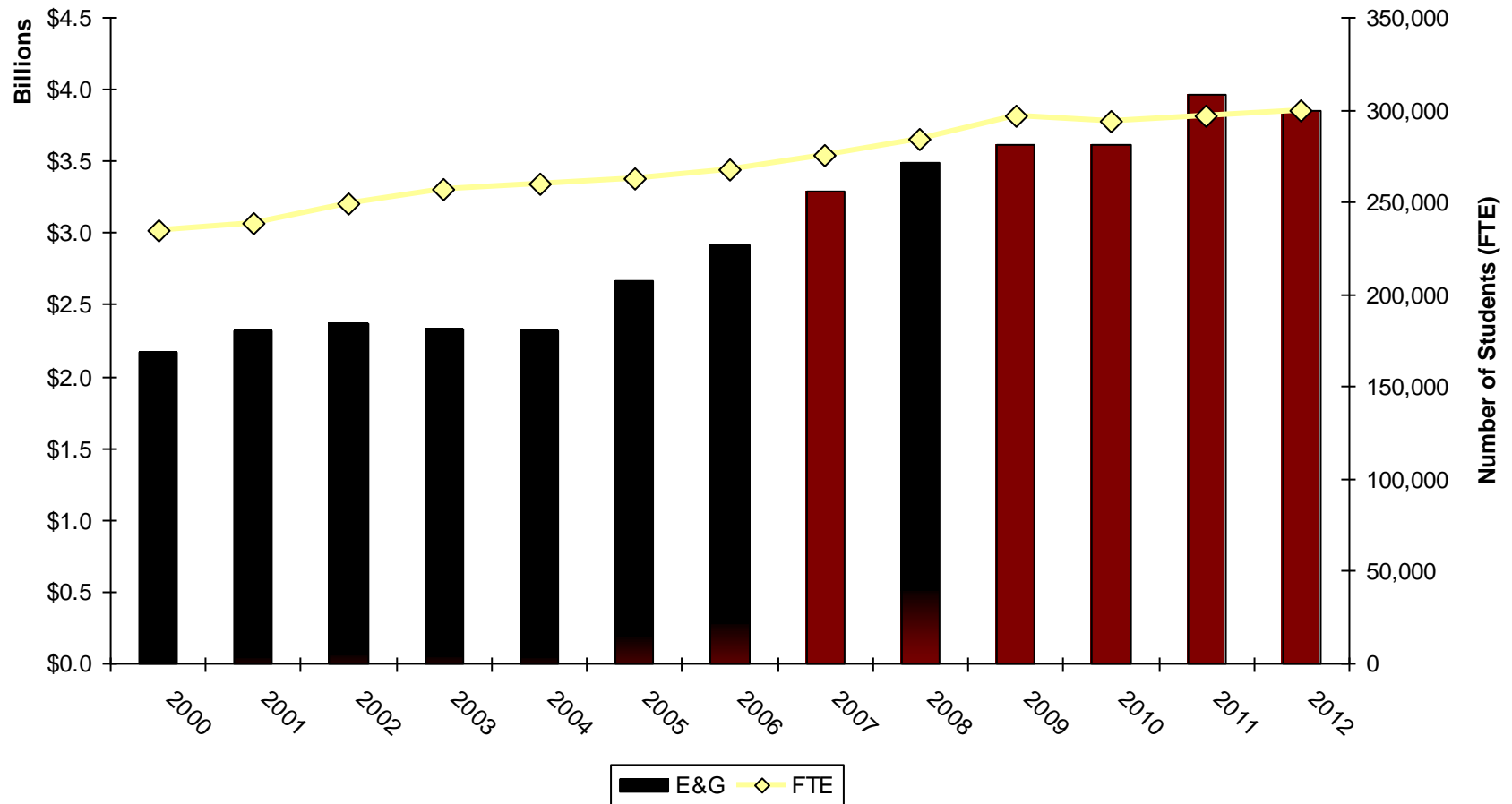
- | Interest earnings
- | Credit card rebates
- | eVA rebates
- | Year-end balances are carried forward to the next fiscal year

Since FY 2000, the student mix for 4-year institutions has been stable at roughly 76% in-state and 24% out-of-state



Note: FY 2010-12 are based on enrollment projections.

Both E&G support and FTE students have grown

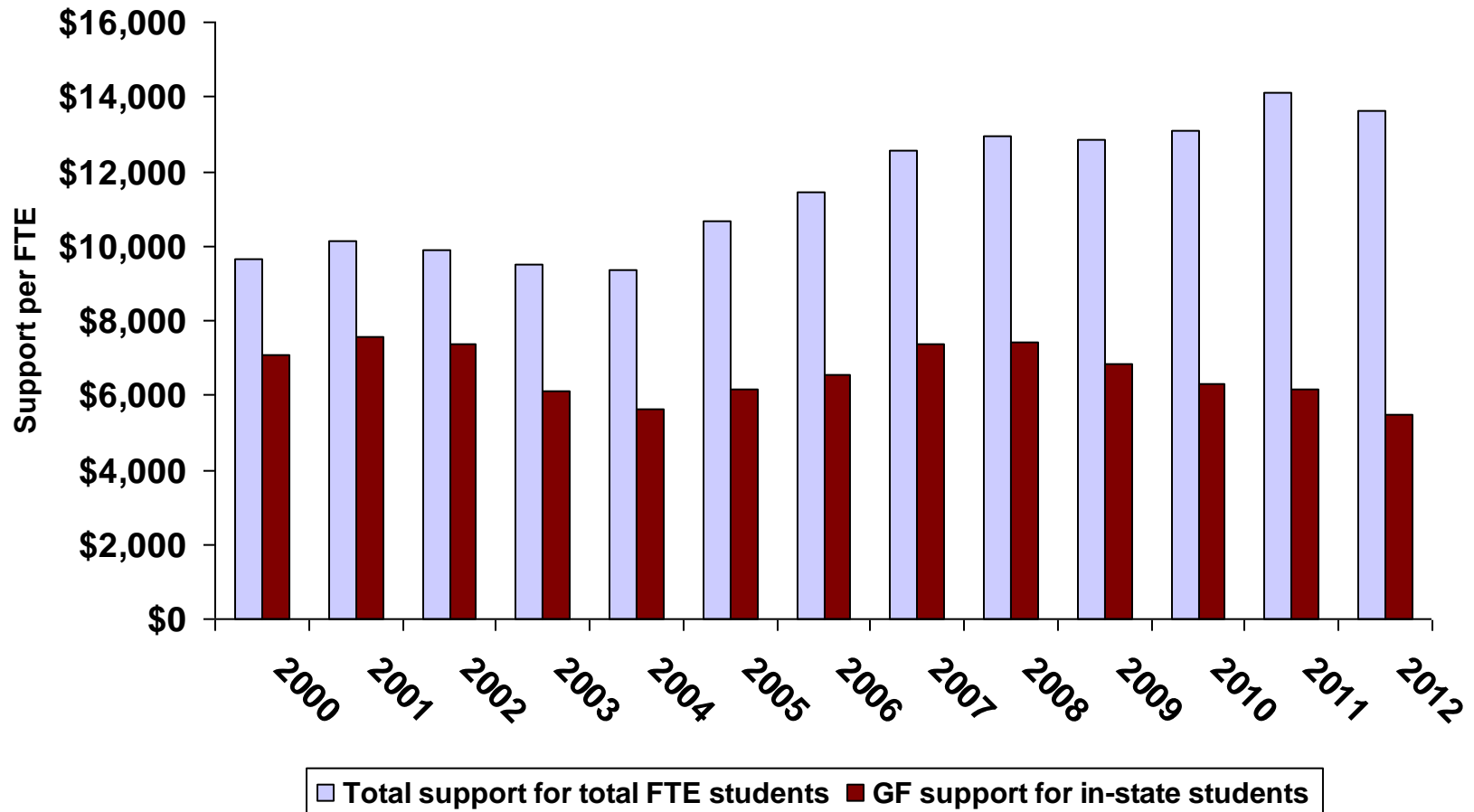


Notes: Data includes E&G and eminent scholar appropriation for 17 institutions, VIMS and extension services and FY 2010-12 are based on enrollment projections.

FY 2009-10 include budget reductions and FY 2010-11 includes SFSF appropriation.

FY 2011-12 include estimates for additional anticipated NGF revenue from tuition and fees and FY 2012 includes a 10% revenue adjustment for estimated tuition and fee increases.

General fund support per FTE in-state-student, though, is decreasing

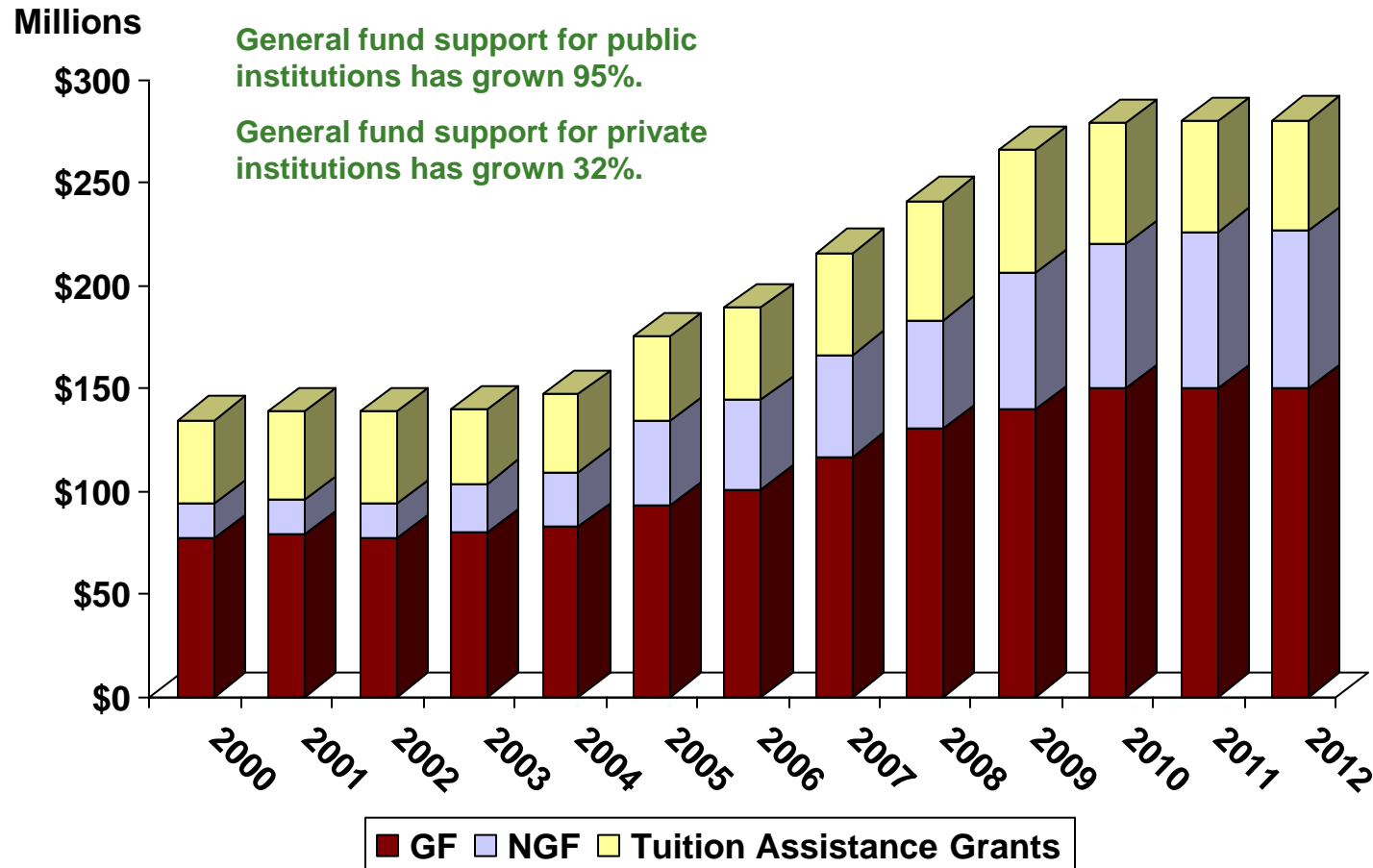


Notes: Data includes E&G, eminent scholar, and financial aid appropriation for 17 institutions, VIMS and extension services. VCCS nongeneral fund financial aid not included.

FY 2010-12 are based on enrollment projections. FY 2009-10 include budget reductions and FY 2010-11 include SFSF appropriation.

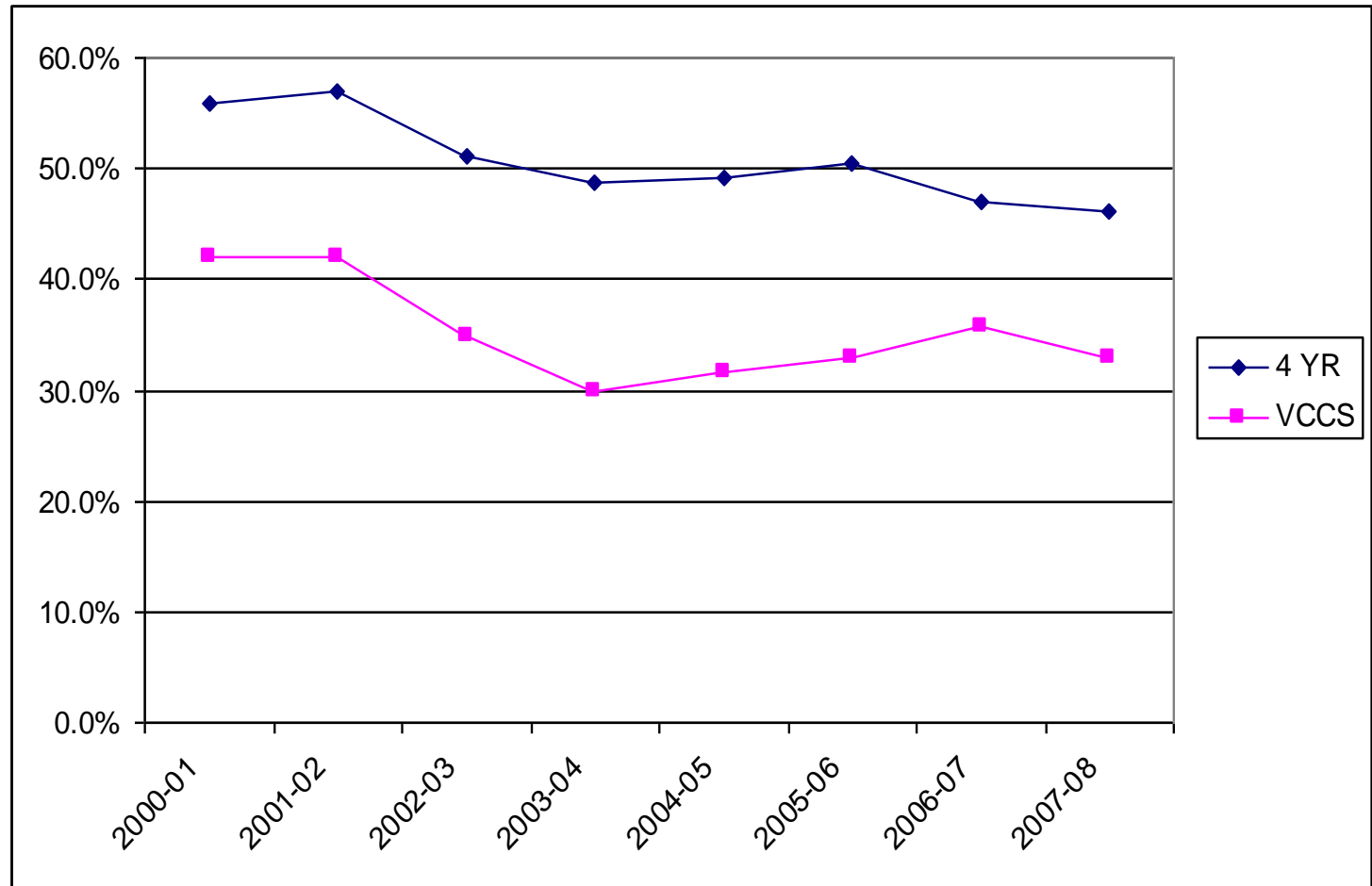
FY 2011-12 include estimates for additional anticipated NGF revenue from tuition and fees. FY 2012 includes a 10% revenue adjustment for estimated tuition and fee increases.

Since FY 2000, general fund support for student financial assistance has grown

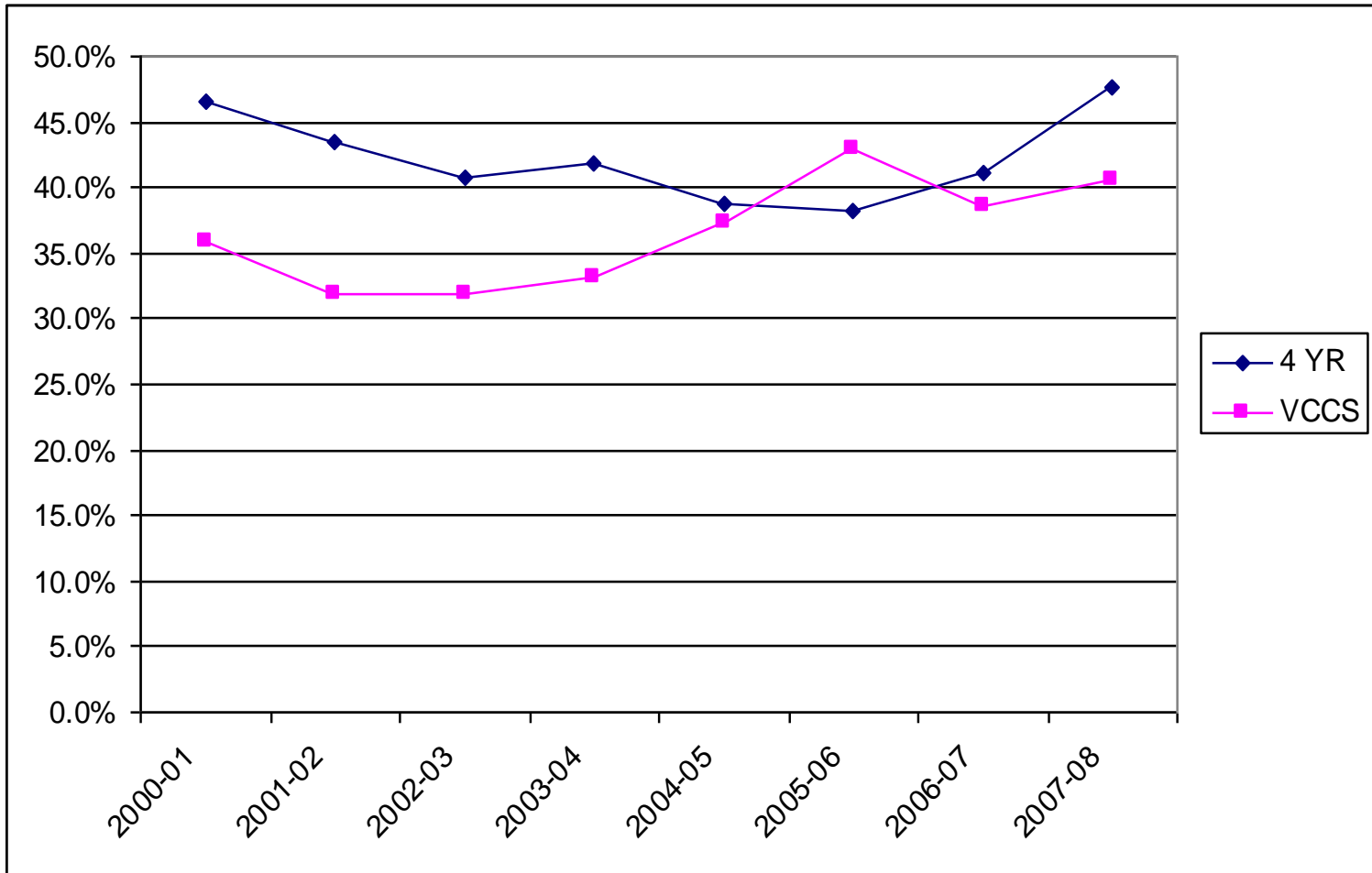


Notes: Data includes financial aid appropriation (general fund dollars and College Scholarship Assistance Program) for 17 institutions and VIMS.
VCCS nongeneral fund financial aid appropriation not included.

Average award, though, as a percentage of tuition and fees has been declining



While the percentage of students receiving awards has increased



Based on State Council of Higher Education for Virginia's (SCHEV) Partnership Model, most institutions fall below the estimated need for student financial assistance

Institution	% of funding model met in FY 2010	Amount required to achieve 100% of funding
Virginia Community College System	44.24%	\$30,794,046
Virginia State University	45.21%	\$5,254,646
Virginia Commonwealth University	50.98%	\$15,169,833
George Mason University	51.27%	\$10,844,760
Old Dominion University	53.03%	\$10,972,046
Richard Bland College	56.94%	\$220,183
Norfolk State University	57.93%	\$4,444,415
Longwood University	58.10%	\$2,401,249
James Madison University	58.84%	\$4,248,452
Radford University	60.52%	\$4,041,723
University of Mary Washington	63.25%	\$820,496
University of Virginia - Wise	64.27%	\$942,170
College of William & Mary	65.77%	\$1,266,394
Christopher Newport University	70.72%	\$1,562,234
Virginia Tech	71.46%	\$5,095,581
Virginia Military Institute	74.02%	\$253,345
University of Virginia	127.76%	\$0
Totals		\$ 98,331,573

The American Recovery and Reinvestment Act of 2009 has lessened the impact of budget reductions on E&G and student financial assistance

- | State Fiscal Stabilization Fund (SFSF) intended to provide fiscal relief to states during the economic downturn.
- | SFSF money is split between higher education and K-12.
- | Virginia allocated SFSF money for FY 2010 and FY 2011 to mitigate budget reductions.
- | States are encouraged to invest these one-time funds to minimize the "funding cliff" in FY 2012.
- | States are required to mitigate the need for increases in tuition and fees paid by in-state students.

SFSF money reduced a potential 15% cut to approximately 4% in FY 2011

Institution	FY 2010	FY 2011 (Projected)
Christopher Newport University	\$2,531,692	\$3,505,271
College of William & Mary	\$2,188,188	\$6,884,042
Community College System	\$6,836,891	\$45,796,200
George Mason University	\$6,203,142	\$19,894,643
James Madison University	\$4,648,818	\$11,292,799
Longwood University	\$2,221,989	\$3,305,208
Marine Science Institute	\$0	\$3,076,343
Norfolk State University	\$2,826,052	\$3,915,635
Old Dominion University	\$8,965,969	\$12,664,227
Radford University	\$3,761,002	\$6,060,300
Richard Bland College	\$155,539	\$701,736
University of Mary Washington	\$1,579,107	\$3,406,157
University of Virginia	\$5,559,100	\$21,892,717
UVA's College at Wise	\$1,097,609	\$1,702,856
Virginia Commonwealth University	\$13,798,668	\$23,160,921
Virginia Military Institute	\$765,001	\$1,940,755
Virginia State University	\$397,690	\$3,314,396
Virginia Tech	\$11,479,961	\$20,892,536
VSU - Extension	\$0	\$140,205
VT - Extension	\$0	\$4,756,374
Total	\$75,016,418	\$198,303,321

How do we compare nationally?

Based on 2009 State Higher Education Executive Officers (SHEEO) data, Virginia:

- Ranks 25th among all states in total funding per FTE.
- Ranks 16th among all states in tuition and fee revenue per FTE.
- Ranks 38th among all states in general fund and local appropriation per FTE.

How do we fund higher education in Virginia?

- | Supporting higher education in Virginia is a shared responsibility, between the state, students and families.
- | Tuition revenue has been used to offset general fund reductions.
- | Funding formulas reward growth; especially for doctoral institutions.
- | Funding focus not on degree completion.

Support for higher education is a shared cost

Institution	GF Share	NGF Share
Richard Bland College	66%	34%
University of Virginia at Wise	64%	36%
Longwood University	62%	38%
Radford University	61%	39%
Virginia Community College System	61%	39%
Christopher Newport University	61%	39%
Old Dominion University	57%	43%
Norfolk State University	54%	46%
University of Mary Washington	53%	47%
George Mason University	52%	48%
Virginia Commonwealth University	50%	50%
James Madison University	46%	54%
Virginia State University	45%	55%
College of William and Mary	41%	59%
Virginia Tech	41%	59%
Virginia Military Institute	40%	60%
University of Virginia	37%	63%

Meeting Base Adequacy funding guidelines remains a challenge

Accounting for SFSF money, \$275.8 million is needed to meet 100% of guidelines.

Without SFSF money, the amount increases to \$483.8 million.

Institution	% of Funding to Guidelines - FY 2010	
	Without SFSF \$	With SFSF \$
Old Dominion University	75%	83%
Radford University	81%	89%
Longwood University	82%	90%
Virginia Commonwealth University	82%	89%
Virginia Tech	85%	90%
Richard Bland College	86%	93%
University of Mary Washington	86%	93%
Virginia Community College System	86%	92%
Christopher Newport University	86%	95%
University of Virginia at Wise	87%	99%
James Madison University	90%	95%
Virginia State University	91%	96%
George Mason University	92%	97%
Norfolk State University	93%	103%
College of William and Mary	96%	101%
University of Virginia	96%	100%
Virginia Military Institute	109%	118%
Total	87%	93%

Funding formula challenges include:

- | Diversity between institutions
- | Relying more on tuition and fees (access)
- | Reductions disproportionate to GF support
- | Ability to raise tuition
 - How much is needed; should we limit the increases?
- | Financial need of student population
 - Are we really increasing access?
- | Balancing in-state and out-of-state students
- | Getting high productivity from our investments
 - Should we link funding to outcomes?

We have the capacity, but how do we graduate the students we currently have?

- Virginia graduated 49 percent in four years, 65 percent in five years, and 67 percent in six years from the 2002 freshman cohort group.
- A cost-effective alternative in meeting the Governor's goal of 100,000 cumulative additional associate and bachelor's degrees over the next 15 years may be to dedicate resources to retain students.